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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Triennial review of the rates and standards for reimbursement to Member States for contingent-owned equipment

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the triennial review of the rates and standards for reimbursement to Member States for contingent-owned equipment (A/71/802) and the report of the 2017 Working Group on Contingent-Owned Equipment (A/C.5/71/20). During its consideration of the reports, the Advisory Committee met with representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses received on 16 March 2017.

2. In his report, the Secretary-General indicates that, pursuant to General Assembly resolution 54/19 B, the 2017 Working Group on Contingent-Owned Equipment met from 16 to 27 January 2017 to conduct a comprehensive review of reimbursement rates and standards for major equipment, self-sustainment and medical support services deployed to United Nations field operations. He also indicates that 331 technical, financial and medical experts from 76 Member States participated in the meeting of the 2017 Working Group.

3. In its report (A/C.5/71/20), the Working Group proposed new standards, definitions and reimbursement rates for the major equipment, self-sustainment and medical support services categories. That report provides a summary of the discussions and presents recommendations. In his report, the Secretary-General sets out the cost implications of implementing the recommendations of the Working Group and includes, in annex I thereto, a summary of the recommendations contained in the report of the 2017 Working Group's. The Secretary-General recommends approval of all the recommendations. In annex II to his report, the Secretary-General sets out the estimated financial implications for 2017/18 of each

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measure that would require additional resources. Upon enquiry, the Advisory Committee was provided with information on the costs related to the recommendations of the 2011 and 2014 Working Groups (see A/65/800 and A/68/830, respectively). This information shows that the projected costs of implementing the recommendations were higher than the actual costs incurred during the year following their adoption (2011/12 and 2014/15, respectively). **The Advisory Committee recommends approval of the recommendations of the 2017 Working Group, as contained in the report of the Secretary-General (A/71/802).**

II. Financial implications of the triennial review

4. The report of the Secretary-General (A/71/802) determines that, should the General Assembly approve the recommendations of the 2017 Working Group, the estimated additional resources for the period from 1 July 2017 to 30 June 2018 would be $13,595,323 from the baseline requirements of $915 million for major equipment and self-sustainment for the 2016/17 peacekeeping financial period (A/71/802, para. 7).

5. The proposed resource increase is attributable mainly to the following proposals:

(a) A net average increase of 0.6 per cent in the reimbursement rates for major equipment provided under a wet lease and self-sustainment which would entail additional annual costs estimated at $5,490,355 (A/71/802, para. 7);

(b) A change in the computation of the compensation for loss or damage due to hostile action or forced abandonment. The Working Group recommended that the total additional cost across all missions for the associated expenses for each year should not exceed $5 million (ibid., para. 40);

(c) A change in the computation of the hostile action and/or forced abandonment mission factor, including an increase in the maximum level of the factor from 5 to 6 per cent, which would amount to an annual increase requirement estimated at $3,557,175 (ibid., para. 42);

(d) A new reimbursement scheme for units at the rapid deployment level of the Peacekeeping Capability Readiness System, which replaced the United Nations Standby Arrangements System in July 2015. The estimated annual cost of this change would be $3,881,582 (ibid., paras. 23 and 24).

6. According to the report of the Secretary-General, the proposed increase in requirements will be partially offset under the recommendations of the Working Group that some of the conditions applying to the rotation of contingent-owned equipment at United Nations expense be modified. As some of the proposed conditions would be more restrictive (for instance, the total annual expenses related to the rotation of equipment would be lowered from $12.5 million to $8 million), this would result in a decreased requirement of $4.5 million. Upon enquiry, the Advisory Committee was informed that during the 2014/15 and 2015/16 periods, only $1.9 million and $3.4 million, respectively, were actually spent on rotation.

7. The Working Group also recommended, inter alia, (a) the inclusion, in the Manual on Policies and Procedures Concerning the Reimbursement and Control of Contingent-Owned Equipment of Troop/Police Contributors Participating in Peacekeeping Missions, of (i) new types of generators (which would supplement existing generators), based on the power ratings under the International Organization for Standardization (ISO) 8528 series standards, and (ii) additional

renewable energy systems; (b) the introduction of three classes of unmanned aerial systems, with the items in one class considered contingent-owned equipment; and (c) that reimbursement for equipment donated to a troop- or police-contributing country be limited to the maintenance rate and no fault incident factor (A/71/802, paras. 11, 13 and 21).

8. Additionally, the Working Group proposes changes to medical services including (a) an augmentation of equipment for aeromedical evacuation modules, to be deployed as two fully equipped sub-teams, which would increase requirements in the amount of $202,070; (b) introduction or upgrade of equipment in medical facilities, which would reduce requirements by $35,959; (c) introduction of new modules; and (d) inclusion of surgery in the fee-for-service schedule (A/71/802, paras. 15-18).

III. Other issues

Memorandums of understanding

9. With regard to memorandums of understanding, the Working Group recommends that contributing countries and the United Nations Secretariat make all efforts to finalize outstanding memorandums and letters of assist. As at 1 February 2017, there were 30 draft memorandums of understanding under negotiation with 20 contributing countries for units currently deployed to peacekeeping missions. The Working Group also recommends the inclusion of statements of unit requirements, which would define the operational capabilities and tasks to be undertaken by a unit, in annexes to memorandums of understanding. A memorandum of understanding would therefore constitute an agreement that the personnel, equipment and self-sustainment provided by the contributing countries were sufficient to deliver the capabilities specified by statements of unit requirements, at the required standard, and to perform the expected tasks (A/71/802, para. 44).

Internet access

10. With regard to the provision of Internet access, the COE Manual specifies that units must deploy with appropriate levels of equipment and bandwidth, for which troop- and police-contributing countries receive $3.14 per person per month. The Working Group proposed that, for the meeting of the 2020 Working Group, the Secretariat provide data on the cost of providing Internet access to contingents (A/71/802, para. 32).

Environmental footprint

11. As mentioned in paragraph 7 above, the Working Group recommended that new types of generators based on their power ratings under ISO 8528 series standards be included in the COE Manual. Troop- and police-contributing countries may opt to be reimbursed for generators deployed based on the ISO 8528 ratings. Moreover, the Working Group recommends the addition of renewable energy systems, in particular solar photovoltaic systems, to the Manual (A/71/802, para. 11). Upon enquiry, the Advisory Committee was informed that upgrading to the new generators and adding the photovoltaic system could reduce by 27 per cent the annual cost of generating electricity for a battalion-sized camp situated in a remote location within a typical United Nations peacekeeping mission, compared with the cost incurred under the current standards for diesel generator equipment.

Pre-session of the Working Group

12. The Secretariat suggests that a pre-session organizational meeting of the 2020 Working Group be convened in late October 2019, prior to the substantive session, to be held in January 2020. According to the Secretariat, the proposal that a pre-session meeting be held, which is based on a recommendation of the Chairman of the 2017 Working Group, would, if adopted, facilitate a more efficient use of time during the main session by allowing the Group to focus on substantive issues.

13. The Advisory Committee was informed, upon enquiry, that the General Assembly, in its resolution 54/19 B of 15 June 2000, had decided that the Working Group should convene the following year (2001) for not less than 10 working days. In its resolution 55/274 of 14 June 2001, the Assembly requested the Secretary-General to convene, in 2004, an open-ended working group of experts, for a period of no less than 10 working days, to hold a triennial review of reimbursement rates for contingent-owned equipment and self-sustainment, including medical services.

14. The Advisory Committee was also informed that there is no clear legislative decision limiting the meeting of the Working Group to a period of 10 working days, and that the period of 10 working days, in January, every three years, has become a norm based on precedent. The only exception in this regard occurred when the 2008 Working Group met for 14 working days, in accordance with Assembly resolution 59/298 of 22 June 2005, to carry out a "comprehensive review of the contingent-owned equipment system" (para. 4). The Committee was further informed that both the Committee on Conferences and the Committee for Programme and Coordination hold pre-session organizational meetings.

15. **The Advisory Committee recommends approval of the recommendation of the Chair of the 2017 Working Group that a pre-session organizational meeting of the 2020 Working Group be held in October 2019, prior to the substantive session, to be convened in January 2020.**

IV. Conclusion

16. The actions to be taken by the General Assembly are listed in paragraphs 50 (a) to (bb) of the report of the Secretary-General (A/71/802). **Subject to its recommendation above, the Advisory Committee recommends approval of the recommendations of the 2017 Working Group, as contained in the report of the Secretary-General (A/71/802).**